



International Agricultural Trade Report

Weekly Market Report: Dairy, Livestock, & Poultry

April 7, 2000

This report contains information on the recent outbreak of foot-and-mouth disease in both Korea and Japan.

I. The Outbreak of Food-and-Mouth Disease in Korea

Facts: On April 2, the Government of Korea (ROKG) confirmed foot-and-mouth disease (FMD) on a cattle farm in Kyunggi province. Suspected cases of FMD have been reported on an additional 25 cattle farms in the province, and on two farms in Hongsung, 93 miles southeast of Seoul. As of April 5, the Ministry of Agriculture and Forestry (MOAF) announced it had confirmed eight cases of FMD in cattle out of 32 suspected cases, with four cases found negative and 20 under investigation. Out of two suspected cases in pigs, one test proved negative while the second is pending.

Although no cases of FMD have yet been confirmed in Korea's swine industry, there are concerns of wide-spread contamination among both cattle and hogs due to the highly contagious nature of the disease. Kyunggi province surrounds Seoul, the capital city. It holds 16 percent of the country's cattle and 25 percent of its swine. Chungchungnam province, where Hongsung is located, holds 14 percent of the country's cattle and 16 percent of swine.

Control Measures: MOAF took measures to control the disease upon the confirmation of FMD. It mandated the removal of an estimated 333 cattle and pigs from the infected farms. It closed all slaughter plants and 133 cattle markets until April 30 to prevent FMD from spreading. As part of the quarantine procedures, all infected animals are destroyed. A total ban on the movement of animals within a 1.9-mile radius of a positive or suspected outbreak has been imposed, and all cattle within a 6.3-mile radius of an infected site are vaccinated. To date, 110,000 cattle and pigs have already been vaccinated. MOAF announced that it would mobilize 580 veterinarians in infected areas to assist in the vaccination of livestock. MOAF also announced plans to vaccinate 11 million animals throughout the country.

The Pork industry: Korea's pork industry faces a significant setback in its effort to develop a viable export presence as its pork products have now been banned from many importing countries. Korea's market share in Japan increased dramatically after the 1997 FMD outbreak in Taiwan forced that country out of the market. Because of its geographical proximity and flexibility to adapt to Japanese consumer demands, Korea pork exports to Japan increased from 54,685 tons in 1997 to 88,049 tons in 1998. In 1999, Korea's pork export to Japan totaled 82,300 tons, 90-percent of its total exports. Korea mainly supplied specialty cuts suited to unique Japanese consumer preferences.

II. The Outbreak of Food-and-Mouth Disease in Japan

Facts: On April 4, the Government of Japan (GOJ) confirmed one case of FMD in cattle in the Miyazaki prefecture on the southern island of Kyushu. Kyushu is the main cattle and hog farming region, accounting for 34 percent of Japan's total cattle and 30 percent of its hogs. Although the island has 86 percent of Japan's total inventory of Berkshire hogs, it is best known as a beef producing region. The FMD outbreak in Kyushu differs from the cases found in Korea due to the isolated nature of the region and Japan's relatively small redmeat export sector. However, the highly sensitive nature of Japanese consumers to food-safety issues remains an unknown factor in determining the degree of change in Japanese meat consumption and consumer confidence in both domestic and imported meat products. As in Korea, containment of the disease and cross-contamination among other livestock remains a concern.

Control Measures: The Ministry of Agriculture, Forestry, and Fisheries (MAFF) destroyed 22 cattle on infected farms and disinfected straw and hay imported from China, Korea, and Taiwan as a pre-emptive step. Within a 31-mile radius of the infected farms, movements of live animals were restricted, and shipments of live animals outside of the area were banned. Animal auction markets were closed but slaughter facilities remained open. Within a 12.5-mile radius of the infected site, both slaughter facilities and animal auction markets were closed. As of April 3, a total of 48,256 cattle and pigs had been inspected, and no abnormality has been detected. Unlike Korea, Japan's MAFF is monitoring the situation without vaccinating livestock. Following the Office of International Epizootic's (OIE) quarantine rules and requirements, MAFF imposed at least a 1-year ban before Korea will be able to export its pork to Japan.

The Pork Market: Japan is a major pork consumer. Consuming nearly all of its domestic production, the Japanese market relies on pork imports, most of which come from the United States, Denmark, Canada, and Korea, to meet demand. The United States dominates the Japanese fresh/chilled pork market, while Denmark dominates the frozen pork market. In 1999, the United States supplied 65 percent of Japan's fresh/chilled pork imports, accounting for 62 percent of total U.S. fresh/chilled pork exports. Denmark supplied 40 percent of Japan's frozen pork imports, while the United States and Korea supplied 12 and 13 percent, respectively, of Japan's frozen pork imports.

III. Conclusion

The effect of the outbreaks on U.S. export opportunities will depend on the extent to which control measures impact domestic meat supply and on consumer reaction in both Korea and Japan. To date, Japan's consumer response has been limited due to relatively little media attention over the FMD outbreak. Thus, it is too early yet to determine the effects that the FMD outbreaks in Korea and Japan will have on Japanese pork consumption. In addition, due to the small share of Korean pork in the Japanese market (13 percent), the impact of a Japanese import ban on Korean product is expected to be much less than in the 1997 Taiwan FMD outbreak, when Taiwan held 40 percent of the Japanese import market.

DLP Contact: Yoonhee Macke/720-8252